

Executive Summary

Defining the Michigan Wine Experience – Wine Tourism

The Michigan Grape and Wine Industry Council is a legislatively established program of the Michigan Department of Agriculture that is responsible for supporting and stimulating the continued growth of the Michigan wine industry.

One area of the Council's responsibility is "Promotion". Two key promotional activities of the Council are a comprehensive website www.michiganwines.com and an annual print publication *Michigan Wine Country* magazine. Consumer research is an important tool in planning an effective promotional program for the Council. Individual wineries and regional groups of wineries (wine trails) also benefit from consumer research in planning their promotional activities.

The Council coordinated consumer research from 2004 – 2006 to "Define the Michigan Wine Experience" through three phases of work:

Phase One – Review Previously Conducted Research in Michigan and other wine regions

Phase Two – Conduct Focus Groups with consumers in Detroit and Chicago

Phase Three – Conduct On-line survey with 1400 consumers who drink wine

This report presents the complete results of this work. Additional data is available from the Council office for further study. A preliminary report on the wine tourism aspects of the Michigan Wine Experience was published in March 2006.

Some of the key findings of this report are:

- ❑ People who are interested in wine have above average income and education levels. They live in a wide variety of urban and rural locations and are frequent users of the internet for travel planning.
- ❑ Many wine consumers are marginal consumers who drink wine once a month or less often. They are often uncomfortable about making wine buying choices and rely on advice and educational assistance to make their decisions.
- ❑ There are observable and measurable differences in the attitudes and behaviors of marginal consumer compared to core and super core wine consumers that can assist wineries in developing effective marketing programs.

PROJECT OVERVIEW

Mission Statement

The Michigan Grape and Wine Industry Council has been established within the Michigan Department of Agriculture to provide for research, education and the promotion of the Michigan wine grape and wine industry, stimulating value-added, sustainable agriculture.

The Michigan Grape and Wine Industry Council identified in Strategic Planning discussions in 2003, the benefits of developing a unifying theme for the Michigan wine industry. While some states (NY, OR) have identified specific wine grape varieties to characterize their industries, the Council felt that such an approach was not advantageous at this stage of the industry's development. The group felt that it would be more inclusive to try to define the "Michigan wine experience". This objective became part of the Council's plan of work for Fiscal 2004, 2005 and 2006 (October 2003 – September 2006).

Phase One of the project was presented at the 2005 Annual Meeting and is available on the Council's website under Council Business in Industry Resources. (Executive Summary included in this report).

In **Phase Two** of the project, Davidson Peterson Associates conducted consumer focus groups in Detroit and Chicago in October 2005. Tapes of the focus groups are available for viewing at the offices of the MGWIC in Lansing. Karen Peterson, owner of Davidson Peterson and Associates in Kennebunk, Maine, facilitated the focus groups and has become keenly interested in the marketing challenges of the Michigan wine industry. Travel Michigan staff members Melinda Remer and Dave Morris helped outline the objectives of the work with Davidson Peterson. The section of the report dealing with wine tourism is included in this report.

Phase Three consisted of an on-line survey which was conducted January 20 – February 2, 2006 by Davidson Peterson to further contribute to an understanding of consumers' attitudes and behaviors regarding wine, Michigan wine and Michigan winery touring.

The major results and conclusions are included in this report. Additional data are available from the Council office on request. Copies of the previously released report on the wine tourism aspects of the Michigan Wine Experience, published in March 2006, are also available on request.

PHASE ONE – Defining the Michigan Wine Experience

Executive Summary

Objective: To identify and describe the main elements of consumers' perceptions of Michigan wines and the Michigan wine touring experience to determine which elements are the most powerful motivators for consumer support for Michigan wines and wine touring. Tangible and intangible elements of quality, community and place will be explored.

Purpose: To create a shared vision of the Michigan wine experience that describes valued tangible and intangible experiences for consumers. By documenting a shared vision, the industry (individual wineries, groups of wineries, WineMichigan and the Grape and Wine Council) may effectively develop products and services and plan promotional activities to attract customers.

Procedures:

Council staff began the project by gathering relevant research materials from the literature and compiling data regarding the Michigan wine industry for review by the Council at a workshop in November 2004 in East Lansing.

Participants in the November 2004 session reviewed the background information and developed lists of features and benefits that could be attributed to the industry. They discussed the concepts and identified what the group believed to be the strongest elements of the Michigan wine experience.

Results:

The following summary emerged from the November 2004 workshop and January 2005 discussions as key to the Michigan Wine Experience. More detail is available in a report available on the Council's website www.michiganwines.com under Industry Resources, Council Business titled "Defining the Michigan Wine Experience".

The Michigan Wine Experience is distinctively Michigan in character. It is defined by elements of:

Place

People

Product

These elements are reflected in the many benefits consumers receive when they are exposed to the Michigan Wine Experience. Perceived benefits can be felt by consumers through a distinctive sense of Place (eg. diverse tourism experiences, unique terroir), People (eg. interesting and dedicated people, a history of wine production) or Product (eg. regional wine style, good accompaniment to food).

The Michigan wine industry can appeal most effectively to their audiences by using consumer benefits statements based on these elements to define marketing messages to prospective customers. The following are examples of consumer benefit statements that should be considered by members of the industry in planning their marketing messages:

When you taste a Michigan wine, you.....

-will experience wines of quality and value, many of which have won international awards
-will enjoy wines with unique regional style
-will find wines that go well with food
-recall an experience from a Michigan winery visit
-are consuming a product identified with a successful, healthy, educated lifestyle (drinking wine says something about YOU!)

When you visit a Michigan winery, you.....

-will be entertained and have fun while discovering your tastes in wine
-have the opportunity to taste a number of different wines at one visit
-can have the winery experience close to home and take home product to re-create part of the experience "Take Home a Taste of Michigan"
-will have interesting stories to tell your friends and family about your visit
-can participate in the winery lifestyle ("own a piece of it") and feel a kinship with members of the industry
-can indulge yourself in a special time – it's an affordable way to pamper yourself
-will experience the romance of the wine industry, pleasant surroundings and scenic beauty in a relaxed setting

.....will be treated like a welcome guest, no matter what your previous experience with wine

.....can create a well-deserved getaway by creating a mini-vacation around winery visits

When you support the Michigan wine industry, you.....

.....help grow an emerging industry of which Michiganders can be proud

.....help build a positive image for Michigan's world-class wines

.....celebrate the bounty of Michigan's fruit industry

.....support local agriculture, local economies and responsible land use

Recommendations (November 2004):

1. The Michigan Grape and Wine Industry Council recommends that the Michigan wine industry utilize the results of this project in planning their marketing activities. The Council, trails and individual wineries should strive to incorporate these consumer benefits in their marketing messages, as appropriate. Each Michigan winery has its own character and brand, but may wish to incorporate some the elements of the Michigan wine experience defined above in their branding strategies. Repeating similar themes in communicating with the industry's many audiences will accelerate the process of building awareness and interest.
2. The Council would like to undertake further consumer research (surveys and focus groups) to confirm the validity of the consumer benefits described in this project. Such research will provide greater understanding of consumer behavior in experiencing Michigan wine and assist in developing marketing programs that resonate strongly with consumers and will motivate them to support the industry.

PRIZM NE Social Groups

Lifestyle segmentation is an important tool in target marketing. It assists the marketer in identifying target groups that have above average interest in a product or service. Claritas Inc. developed a lifestyle segmentation analytical tool, called PRIZM, based on an individual's residential zip code. PRIZM divides U.S. consumers into 15 different groups and 66 different segments.

The Michigan Grape and Wine Industry Council has periodically analyzed its database of Michigan Wine Country magazine inquirers for PRIZM cluster distribution. Travel Michigan utilizes PRIZM analysis in developing its marketing plan. Staff at Travel Michigan have been a valuable resource in introducing the Michigan Department of Agriculture to its applications.

The latest analysis of the Council's database was completed in November 2004, and included 14,371 addresses. The table on page 10 shows how the individuals divided among the 66 lifestyle segments. The data confirms that interest in wine is skewed toward people with higher than average incomes located in all geographic areas (urban, suburban rural). There was a shift between the 1999 and 2004 database, with an increase in interest from lower income lifestyle segments. This observation may be correlated with efforts in the last 10 years on the parts of U.S. wine regions and the emerging Australian wine region to make wine more of an "everyday" beverage for U.S. consumers, attracting new consumers and enticing infrequent wine consumers to choose wine more frequently.

Detailed descriptions of the PRIZM segments can be found on the company's website

<http://www.claritas.com/claritas/Default.jsp?ci=3&si=4&pn=prizmne>

An understanding of a business's existing or potential customer base using PRIZM segmentation can assist in developing cost-effective promotional plans. Most print media and radio stations have data for their readers/listeners that can be compared with the desired PRIZM segments the business wishes to reach.

For more information on PRIZM analysis of databases to assist in development of winery marketing plans, please contact Linda Jones at 517 373-9789.

A PRIZM PROFILE OF MWC ZIP DATA – 2004

<u>Prizm Cluster</u>	<u>Frequency</u>	<u>Percent</u>	<u>1999 Frequency</u>	<u>Percent</u>	<u>Difference</u>
God's Country	959	6.7	1046	8.6	-1.9
New Empty Nests	784	5.5	281	2.3	3.2
Red, White and Blues	574	4.0	239	2.0	2.0
Kids and Cul-de-Sacs	569	4.0	708	5.8	-1.8
Winner's Circle	539	3.8	559	4.6	-0.8
Sunset City Blues	504	3.5	167	1.4	2.1
Pools and Patios	457	3.2	423	3.5	-0.3
Blue Chip Blues	438	3.0	365	3.0	0.0
Shotguns and Pickups	436	3.0	226	1.9	2.1
Suburban Sprawl	435	3.0	171	1.4	1.6
Executive suites	392	2.7	274	2.3	0.4
Middle America	388	2.7	206	1.7	1.0
Big Sky Families	383	2.7	470	3.9	-1.2
Big Fish, Small Pond	369	2.6	309	2.5	0.1
Gray Collars	309	2.2	156	1.3	0.9
Urban Achievers	292	2.0	67	5.5	-3.5
Greenbelt Families	285	2.0	241	2.0	0.0
Upward Bound	269	1.9	210	1.7	0.2
Upstarts and Seniors	268	1.9	108	0.8	1.1
Middleburg Managers	262	1.8	165	1.4	0.4
River City, USA	247	1.7	258	2.1	-0.4
Rustic Elders	240	1.7	216	1.8	-0.1
Blue Blood Estates	228	1.6	177	1.5	0.1
Boomtown Singles	205	1.4	96	0.8	0.6
Mid-City Mix	191	1.3	62	0.5	0.8
Country Squires	181	1.3	423	0.3	1.0
Mobility Blues	169	1.2	75	0.6	0.6
Boomers and Babies	161	1.1	144	1.2	-0.1
Young Influential	155	1.1	119	1.0	0.1
Golden Ponds	152	1.1	165	1.4	-0.3
New Homesteaders	141	1.0	219	1.8	-0.8
Money and Brains	135	0.9	183	1.5	-0.6
Back Country Folks	133	0.9	114	0.9	0.0
Young Literati	119	0.8	69	0.6	0.2
Big City Blend	119	0.8	166	1.4	-0.6
Inner Cities	111	0.8	73	0.6	0.2
Starter Families	105	0.7	123	1.0	-0.3
New Eco-topia	104	0.7	487	4.0	-3.3
New Beginnings	103	0.7	59	0.5	0.2

Single City Blues	97	0.7	85	0.7	0.0
American Dreams	91	0.6	146	1.2	-0.6
Old Yankee Rows	87	0.6	99	0.8	-0.2
Gray Power	84	0.6	409	3.4	-2.8
Blue Highways	82	0.6	214	1.8	-1.2
Towns and Gowns	77	0.5	115	0.9	-0.4
Southside City	64	0.4	57	0.5	-0.1
Second City Elite	63	0.4	465	3.8	-3.4
Bohemian Mix	58	0.4	49	0.4	0.0
Family Scramble	48	0.3	86	0.7	-0.4
Rural Industria	43	0.3	87	0.7	-0.4
Urban Gold Coast	41	0.3	21	0.1	0.2
Agri-Business	39	0.3	153	1.3	-1.0
Smalltown Downtown	35	0.2	147	1.2	-1.0
Latino America	31	0.2	6	0.0005	0.195
Grain Belt	26	0.2	60	0.5	-0.3
Mines and Mills	17	0.1	77	0.6	-0.5
Norma Rae-Ville	10	0.1	13	0.1	0.0
Hard Scrabble	10	0.1	106	0.9	-0.8
Hometown Retired	6	0.0	92	0.8	-0.8
Hispanic Mix	5	0.0	7	0.0006	-0.0006
Military Quarters	4	0.0	1	0.00008	-0.00008
Scrub Pine Flats	3	0.0	14	0.1	-0.1
Missing*	1,439	10.0			
Total	14,371	100.0	12,128	100	

**Missing includes cases from Canada, out-of-Great Lakes region state, or invalid zip.*

PHASE TWO – Defining the Michigan Wine Experience

Davidson Peterson, a consumer research firm from Kennebunk, Maine, conducted focus groups in Detroit and Chicago in September 2005 to explore consumer attitudes and behaviors about Michigan wine and winery touring. The following observations were made by Karen Peterson, of Davidson Peterson.

Quality Issue

None of the 80+ focus group participants spoke disparagingly about the quality of Michigan wine, suggesting that recent advances in quality have largely negated attitudes remaining from the middle part of the last century that Michigan did not produce wines of quality.

Comfort with Wine Selection

Many marginal wine consumers express confusion about selecting wines and are eager to get assistance in making wine decisions. Core and super core wine consumers enjoy the challenge of browsing an extensive restaurant wine list and like to experiment with trying new wines.

Brand Recognition

Marginal wine consumers in Detroit and Chicago had difficulty naming any Michigan wineries unaided while many individuals in the core consumer focus group in Chicago could name one or more Michigan wineries unaided. Several members of the “core” group in Chicago could relate extensive stories about people, dogs, history or facilities at their favorite Michigan winery.

Wine Jargon

Discussions with marginal wine consumers lacked references to common wine terms such as “appellation”, “varietal”, “balance”, “vintage” suggesting that these consumers might be easily confused if tasting room staff use too much wine jargon without explanation.

Winery Visits in Michigan and Elsewhere

By design, at least three members of each discussion group of ten participants reported having visited a winery at some time in the past. In the group of core wine drinkers all had visited a winery at some time, many on a number of occasions.

For most marginal wine drinkers, Michigan winery visits represent their only experience of Michigan wines. Visiting the winery and tasting the wines is the only way most marginal wine drinkers have tried Michigan wines.

On the first winery visit, marginal wine drinkers seem to be interested in the winery tour. They want to learn how wine is made and enjoy the tour for that reason. However, since marginal drinkers are not very involved with wine, they are less interested in touring the winery on a subsequent visit to any winery. They apparently feel that “when you’ve seen one winery, you’ve seen them all” and do not care to learn how another winery’s procedures might differ from the one viewed first.

For some marginal wine drinkers, the outdoors experience of seeing the vineyards and enjoying the views greatly enhances the winery experience.

The primary objective of a winery visit is to taste the wines. For the inexperienced marginal wine drinkers, the tasting is a learning experience. They want to try different wines and learn which ones they like and which they might want to buy. Because they view the tasting as a serious learning experience, they believe the tasting should be structured and controlled. Most do not see the tasting experience as too rigid but find the structure important to their ability to identify the wines they will enjoy. For tasting, they expect to have crackers to clear the palate and would appreciate a more festive array of cheese and crackers as well.

Further investigation should be done in order to determine the appeal of additional food availability. There appears to be some interest in having a fine dining restaurant at the winery with tastings of various wines during the different courses of an evening meal. A

romantic setting would seem to make this type of experience particularly appealing to the marginal wine drinker.

Marginal wine drinkers are very interested in having the opportunity to taste more than one winery's wines in a stop. They envision a "tasting parlor" for regional wines in which they could try wines from several different wineries and still have the opportunity to purchase bottles and cases of wine at one time and place. Some mention a festival in Michigan at which wines from various vintners are offered for tasting and sale.

Interestingly, one of the major limiting factors for increased winery visits seems to be the presence of children on family vacations. Having children on the trip seems to preclude a visit to a winery. Parents feel it would be irresponsible to be drinking wine while they are supposed to be caring for their children. Further, they feel that children would definitely dislike the adult experience at the winery and would misbehave almost immediately.

When children's activities at the vineyard are proposed, some parents think such activities would enhance the children's experience and make a winery visit possible. Others continue to feel that children and wineries do not mix. When they have children with them, they will be unlikely to taste and purchase wine thus obviating the point of visiting a winery for the adult guests.

Core wine drinkers are frequent visitors to wineries. Given their close association with Michigan wines through e-newsletters or wine clubs, it is not surprising to find these core wine drinkers returning again and again to their favorite wineries in Michigan and exploring new ones as the opportunity arises. They know their favorite wineries well and return to try new vintages and buy their preferred wines by the case.

But these core wine drinkers are so "into" wine and learning about wines that they visit vineyards wherever they can. They take vacations to the wine country of California and

explore both wineries they know and new ones they want to learn about. They visit wineries whenever they have the opportunity during business trips or vacations. Essentially, they “collect” wineries as others might “collect” experiences such as visiting art museums or amusement parks. Learning about how wines are made, knowing the difference between wines aged in French and American oak casks, and other subtleties are a passion with these wine drinkers. When they visit wineries they purchase the wines they like, often in large quantities, and have interesting stories to tell friends when they serve one of their treasure trove of interesting wines to guests or deliver one as a gift.

Interestingly, only one of the ten core wine drinkers in our Chicago group currently has children under 10 at home, so the constraints of family travel were not noted as a limiting factor for visiting wineries. In the follow-up quantitative phase of this research, we will need to confirm whether or not the presence of children in the home and on vacation limits wine consumption and therefore the development of marginal wine drinkers into core wine drinkers and wine aficionados.

Sources of Information

Many core wine consumers in the Chicago focus group identified www.michigan.org as a source of information about visiting Michigan wineries. Many focus group participants indicated a lack of awareness about the Michigan wine industry and an interest in learning more about it.

PHASE THREE – Defining the Michigan Wine Experience

Davidson Peterson, a consumer research firm from Kennebunk, Maine, prepared an on-line survey following completion of consumer focus groups in Fall 2005. Grape and Wine Council staff and Promotion Committee members provided input on the survey questions. A copy of the survey is available from the Council office.

1. **Total Respondents**..... 1456
(respondents were screened to include only those who consume wine at least infrequently; those who NEVER drink wine were eliminated from the panel)

Wine Council Newsletter Subscribers..... 466 (32%)
Travel Michigan on-line consumer panel 990 (68%)

2. **Frequency of Wine Consumption**

Wine consumers can be divided into groups based on frequency of consumption. The population surveyed in the on-line survey was divided as follows:

Marginal (consume wine once a month or less)784 (54%)
Core (consume wine at least twice per month)560 (39%)
SuperCore (daily consumption) 112 (8%)

3. **Sub-Set of Respondents** that had visited a Michigan winery on a recent trip to Michigan

Sub-Set Respondents.....581

Wine Council Newsletter Subscribers..... 329 (57%)
Travel Michigan on-line consumer panel 252 (43%)

4. **Geographic Point of Origin** of Winery Visitors

Michigan 75%
Illinois 7% (all located in the Chicago DMA)
Indiana 6%
Ohio 3%
Wisconsin 1%
Other..... 8%

5. Use of Michigan Wine Country Magazine

By all winery visitors	58%
By Wine Council Newsletter Subscribers.....	84%

6.. Other Activities During Trips to Michigan

1310 respondents of the 1456 total respondents had taken a pleasure trip to Michigan in the past 12 months.

The following activities were checked (*respondents were asked to check all that apply*)

Shopping.....	88%	of respondents checked this box
Scenic drive	70%	
Attending events, festivals, concerts.....	60%	
Visiting historic sites.....	53%	
Visiting wineries	44%	
Visiting national/ state parks	43%	
Beach/lakes swim/sunning.....	40%	
Visiting non-winery ag attractions	34%	
Visiting museums.....	31%	
Gambling/casinos	29%	
Camping	29%	
Hiking.....	24%	
Fishing	21%	
Boating.....	21%	
Golf	16%	

The data presented on pages 19–55 include the results of the on-line survey. Considerable additional data is available through the office of the Michigan Grape and Wine Industry to answer specific questions of interest.

Davidson Peterson Conclusions related to wine consumption and purchasing

- ❑ Super Core consumers are older, married, better educated, more affluent and more likely to be men.
- ❑ Marginal wine drinkers are more likely to be women, somewhat younger, less affluent and modestly less well educated.
- ❑ Super Core wine drinkers purchase an average of 13.7 bottles of wine in a month, Core 5.1 bottles and Marginal 1.7 bottles.
- ❑ Eight percent (8%) of wine drinkers in this study accounted for 67% of the wine purchased.
- ❑ Super Core and Core wine consumers like the taste of wine, think it's healthy and drink wine on all occasions.
- ❑ Marginal wine consumers limit wine consumption to special occasions. Many of them don't like the taste of wine and find its purchase confusing and difficult.
- ❑ Super Core and Core consumers reported a higher percentage purchase rate of Michigan wine compared to Marginal consumers.
- ❑ Many Super Core and Core consumers recognize the names of Michigan wineries when presented with a list of winery names. Awareness of some SW Michigan wineries is higher among non-Michigan residents than Michigan residents surveyed.
- ❑ Wine consumers surveyed felt that Michigan wines offer good value, but wine consumers in the Super Core category felt that California wines out-shone Michigan wines on issues of quality, availability, variety and reputation.
- ❑ Survey respondents who regularly receive e-newsletters and Michigan Wine Country magazine from the Michigan Grape and Wine Industry Council had higher wine purchase levels, increased visits to Michigan wineries and higher than average income levels, confirming that wineries can achieve targeted marketing through Council sponsored communications with consumers.

Davidson Peterson Conclusions related to wine tourism

- ❑ Visiting a winery is often a planned trip for frequent wine drinkers but an incidental part of a Michigan trip for others
- ❑ Many stop at a winery when they see signs or pick up brochures at the tourist information places
- ❑ Continuation of efforts to “get the word out” to the traveling public will be key to growing visitation and consumption
- ❑ Wine drinkers who visit wineries on an overnight trip are likely to stay in a hotel/motel or inn/B and B.
- ❑ Those who traveled in Michigan specifically to visit a winery are more likely than others to be on a day visit or a shorter trip.
- ❑ For those whose primary trip purpose is visiting a winery, the primary objectives are to learn about and purchase wines.
- ❑ Those who visit wines as the primary trip purpose purchase over twice as much wine at the winery than those for whom the winery visit was not the purpose of the trip. Treating them as knowledgeable oenophiles will support their interest in the wineries’ products.
- ❑ For incidental visitors, the welcoming experience is very important, even if they do not know much about wine.
- ❑ Most wine drinkers say they would dine at a winery for a full meal if it were available. Even more would purchase a light snack during their stay. Developing food service capabilities would be appreciated and lead to an extended winery visit.
- ❑ The vast majority of wine drinkers would appreciate offering help to plan a winery visit. Somewhat fewer, though still a majority, say they would purchase a package including hotel, meals and attractions with a winery visit. Wineries might work well with tourism developers to facilitate such travel experiences.

Note (L. Jones): The issue of serving local wines at restaurants in the wine regions was not evaluated in the on-line survey but was mentioned frequently during focus group discussions and is considered by the MGWIC to be an enormous opportunity for restaurants to promote this service to the traveling public. There are several examples in the state of restaurants that are doing this, but there is significant additional opportunity.